

# **Tanner**® **CORPORATE PRESENTATION**

**TANNER SERVICIOS FINANCIEROS | NOVEMBER | 2024**

Source: Tanner, Financial Market Commission (CMF), Achef.

Figures in CLP have been converted to US\$, at an exchange rate of \$944.34, corresponding to the observed dollar rate on July 1, 2024.

# **TANNER SERVICIOS FINANCIEROS S.A. CORPORATE PRESENTATION**

## **AGENDA**

- 1. MILESTONES**
- 2. OWNERSHIP STRUCTURE & GOVERNANCE**
- 3. BUSINESS AND FINANCIAL HIGHLIGHTS**
- 4. BALANCE SHEET MANAGEMENT**
- 5. BANK: BUSINESS TRANSITION ROADMAP**

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# FROM NBFI TO LAUNCHING A FULLY FLEDGED BANK



## BIFACTORING S.A.

The Massu and Said groups- main shareholders of former Banco BHIF (later BBVA)- created Bifactoring S.A.



**BI Factoring**  
Servicios Financieros

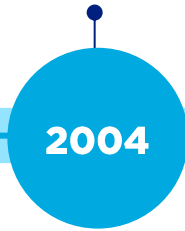


## FACTORLINE S.A.

- Change of name from Bifactoring S.A. to Factorline S.A.

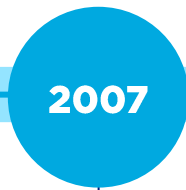
## AUTO FINANCING

The Auto Financing Division was established



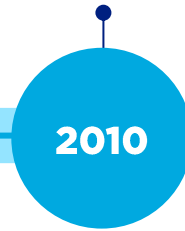
## IFC AS SHAREHOLDER

IFC, subsidiary of the World Bank, was incorporated acquired a 17.6% stake, via a capital increase.

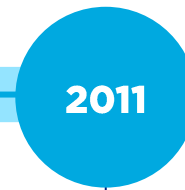


## BROKERAGE

Acquisition Of Tanner & Cía. Corredores De Bolsa.

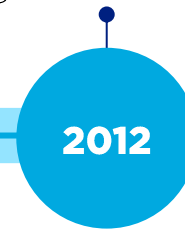


Change of name from Factorline S.A. to Tanner Servicios Financieros S.A.



## INVESTMENT GRADE

- Investment grade by S&P and Fitch
- The Massu Group acquires the stake of IFC



## CAPITAL GROUP AS SHAREHOLDER

- Capital Group acquires a 27% stake of Tanner
- US\$250 Mn 144A/RegS bond is issued in the international markets.



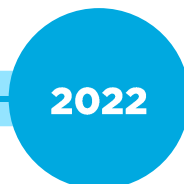
## SWITZERLAND

- First Chilean NBFI to issue a bond in Switzerland (CHF 150 Mn)
- Tanner secures US\$84 mn loan from the IFC to boost SME loan growth



## SUSTAINABLE FUNDING

- First sustainable bond (US\$ 42 Mn) is issued in the local market



**NISSAN-TANNER FINANCIAL SERVICES**  
"NTFS" is established as a JV between Tanner and Nissan, Japan



Capital Group finalizes its ten-year investment period as a shareholder



## PROGRESS IN THE CREATION OF THE BANK, IFC REJOINS AS SHAREHOLDER

- The CMF<sup>1</sup> Grants Tanner a Provisional Banking License and Authorization of Existence to Establish its Banking Subsidiary.
- IFC Becomes a Shareholder in Tanner Servicios Financieros with a US\$20 Million Capital Investment and a 3-Year Convertible Loan of US\$20 Million.



(1) CMF: Financial Market Commission

# **TANNER SERVICIOS FINANCIEROS S.A. CORPORATE PRESENTATION**

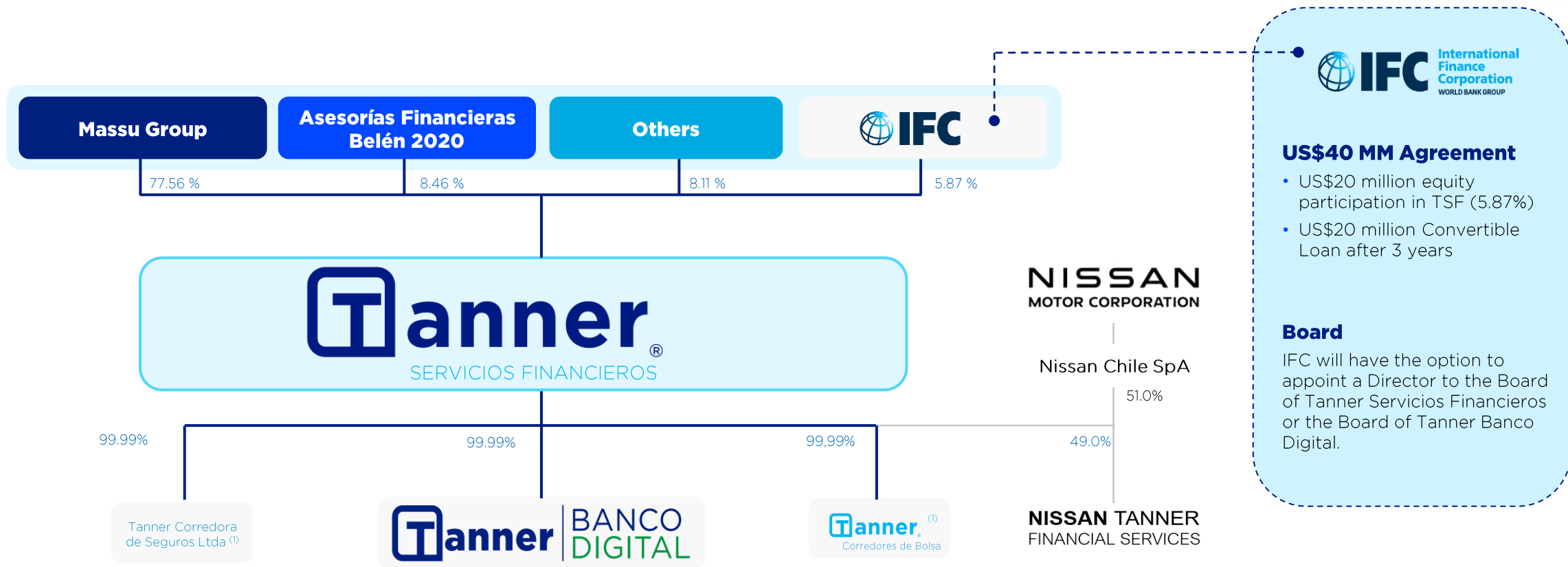
## **AGENDA**

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# FURTHER STRENGTHENED OWNERSHIP STRUCTURE



## Ownership Structure of Tanner Servicios Financieros (TSF)



(1) This subsidiary will be transferred to the bank in a second stage

# GOVERNANCE - PEPARING FOR THE LAUNCH OF THE BANK



## Former Board of Directors of Tanner Servicios Financieros

**Ricardo Massu**  
President

**Jorge Sabag**  
Vice-president

**Fernando Zavala**  
Director

**Eduardo Massu**  
Director

**Matias Acevedo**  
Director

**Bárbara Vidaurre**  
Director

**Carmen Román**  
Director

The banking regulator CMF requires a separate Board of Directors for the Banking Subsidiary.

## Current Board of Tanner Banco Digital<sup>1</sup>

**Ricardo Massu**  
President



**Jorge Sabag**  
Vice-president



**Eduardo Massu**  
Director



**Matias Acevedo**  
Director



**Carmen Román**  
Director



## Current Board of Tanner Servicios Financieros<sup>1</sup>

**Fernando Zavala**  
President



**IFC**  
Director



**Bárbara Vidaurre**  
Director



**Felipe Massu**  
Director



(1) IFC will have the option to appoint a Director to Tanner Servicios Financieros or to the Board of Directors of the subsidiary Tanner Banco Digital.

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## Company Overview

Tanner in Numbers	1S23	1S24	Δ%
<b>Total Assets</b> (US\$ Mn)	1,867	1,855	-0.6%
<b>Net Loans</b> (US\$ Mn) <sup>1</sup>	1,438	1,144	-20.4%
<b>Equity</b> (US\$ Mn)	381	384	-0.8%
<b>Leverage</b>	3.9x	3.8x	
<b>Net Income</b> (US\$ th)	556	1,154	107.6%
<b>ROAA</b>	0.5%	0.15%	-38 bps
<b>ROAE</b>	2.6%	0.74%	-176 bps
<b>Customers</b>	76,207	66,863	-6.2%

## Business Units

**Corporate Division**

- Factoring
- Corporate Loans & Leasing
- Trade Finance

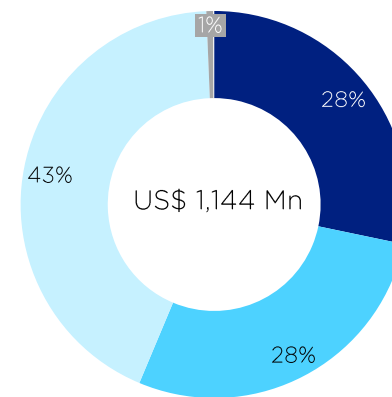
**Auto Financing Division**

- Auto Loans
- Insurance

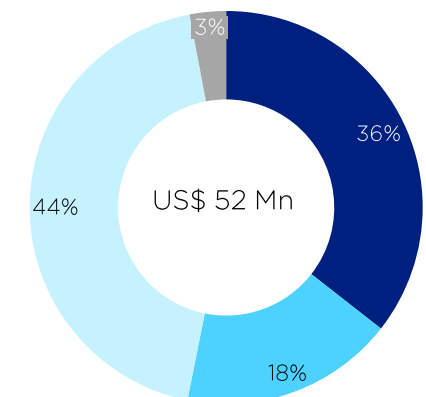
**Finance Division**

- Liquidity Management
- FX: Spot & Forward
- Investments

**Total Net Loans<sup>1</sup>** (June-24)



**Total Gross Profit** (June-24)



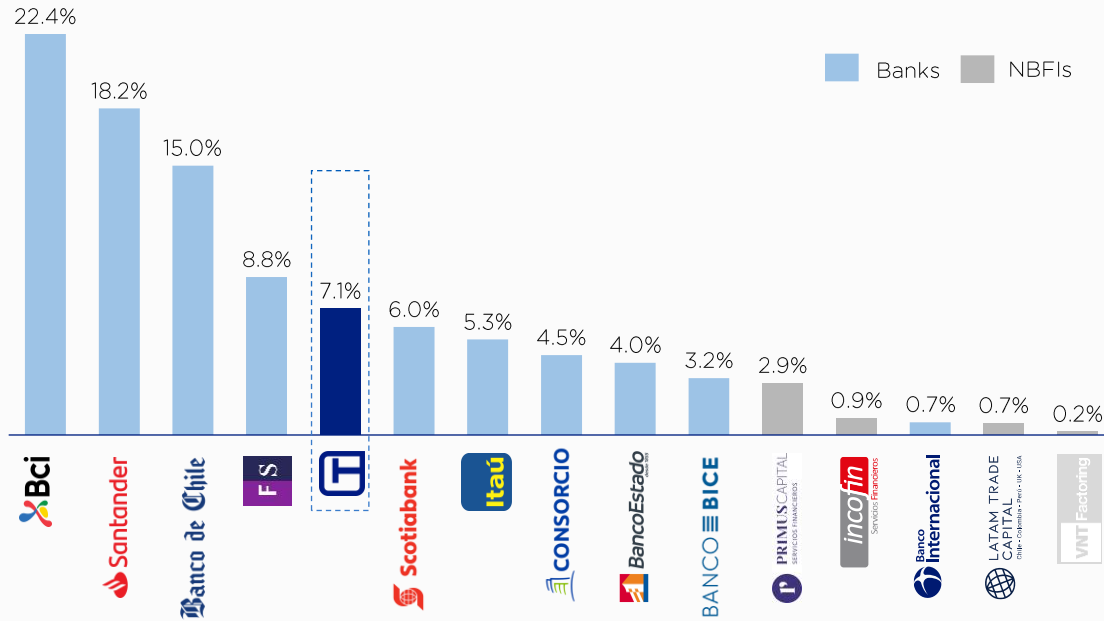
■ Factoring ■ Loans + Leasing ■ Auto Financing ■ Finance ■ Others

# RELEVANT PLAYER IN NICHE MARKETS



## Factoring (1)

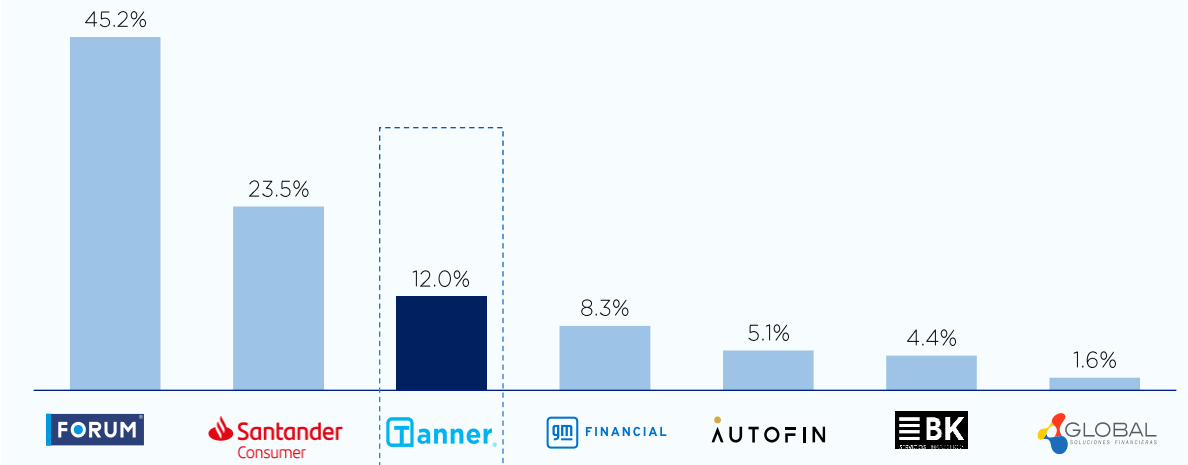
Gross Loans Market Share



- Competitive strategy based on speed and agility with a “phygital” customer experience
- Fully developed digital ecosystem
- Coverage with more than 20 offices countrywide
- Secured Loans, Trade Finance, Leasing and FX as complementary products

## Auto Financing Loans (2)

Gross Loans Market Share



- Focus on retail segments on a multibrand basis
- Countrywide coverage with more than 400 dealer relationships and digital channels
- Insurance brokerage firm providing complementary products
- Electromobility strategy to capture market trends

# NET LOANS BY BUSINESS DIVISION



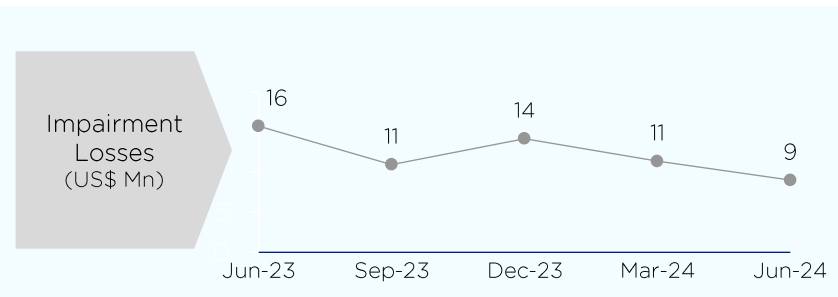
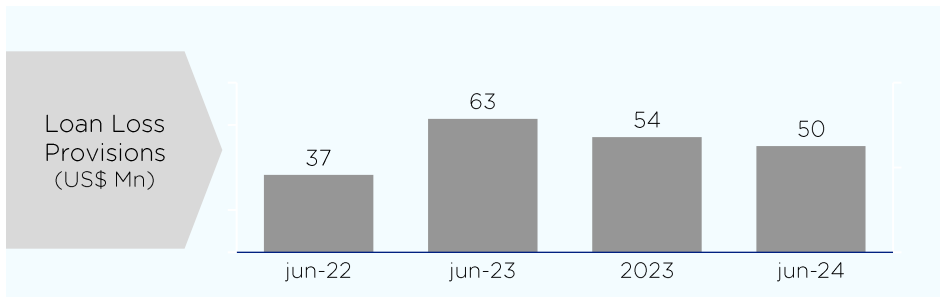
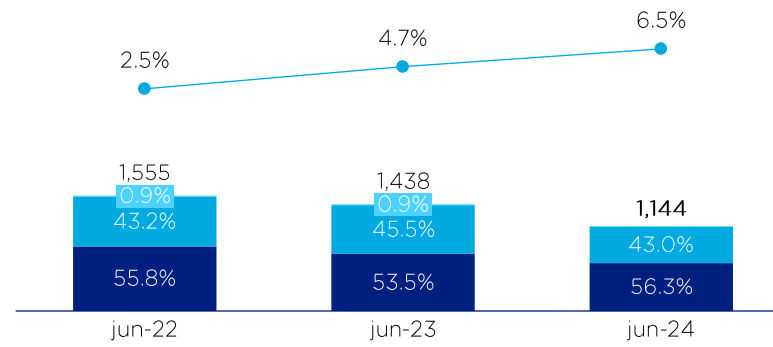
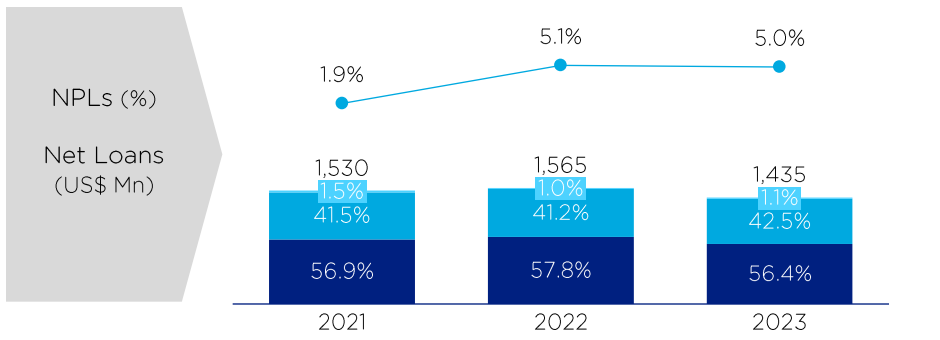
## CORPORATE DIVISION

Factoring	Loans	Leasing
<ul style="list-style-type: none"> <li>1.4 month of avg. portfolio duration</li> <li>5,252 customers</li> </ul>	<ul style="list-style-type: none"> <li>4.4 month of avg. portfolio duration</li> <li>889 customers</li> </ul>	<ul style="list-style-type: none"> <li>91.5 month of avg. portfolio duration</li> <li>207 customers</li> </ul>
Core Business	Complementary Businesses of Factoring	



## AUTO FINANCING

Loans
<ul style="list-style-type: none"> <li>40.4 month of avg. portfolio duration</li> <li>59,816 customers</li> </ul>

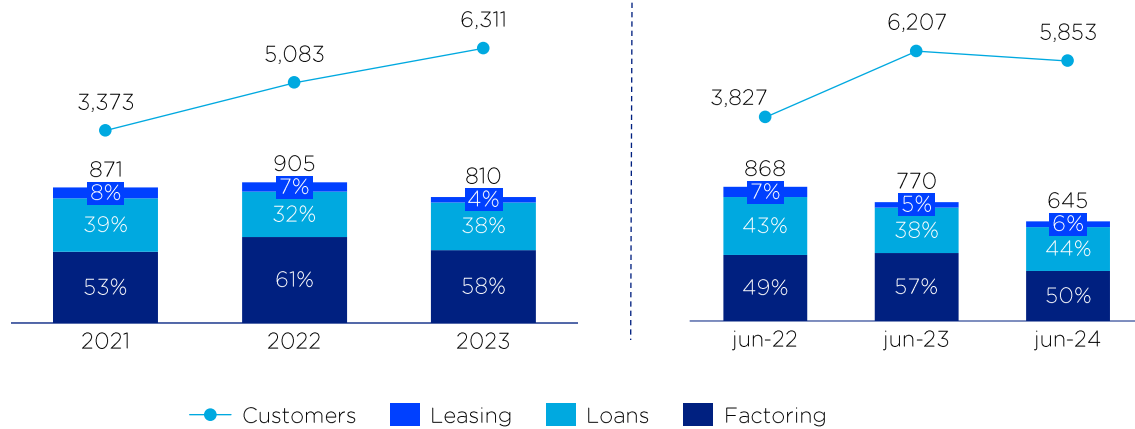


- Business volume affected by higher quality requirements with stricter collateral requirements, shorter maturities, and a strategy of reduced concentration in large exposures.
- Although NPLs as percentage of the total loans has increased mainly due to a smaller loan portfolio, the stock of LLP has decreased in the 3 previous quarters.
- Lower loan loss provisions reflect a major portfolio optimization since 2023 in the Corporate Division, and a positive evolution of the auto financing portfolio risk.

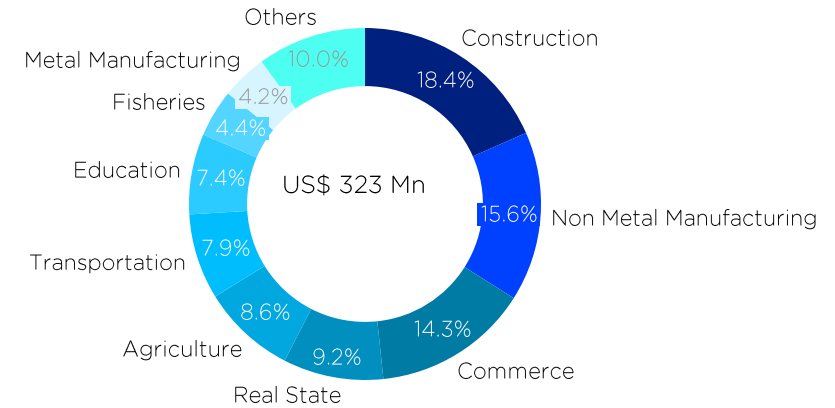
# CORPORATE DIVISION: FOCUS ON DIVERSIFICATION



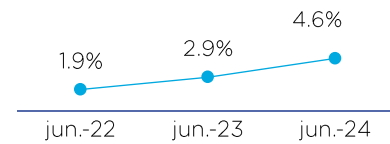
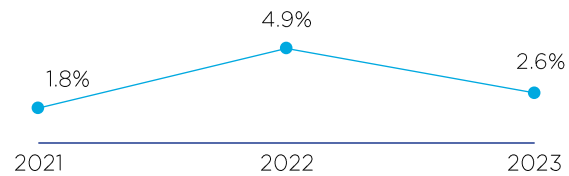
## Number of Customers & Net Loans by Business Lines (US\$ Mn)



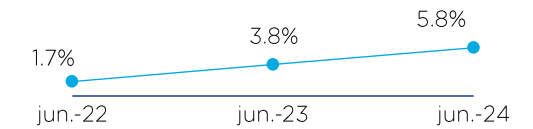
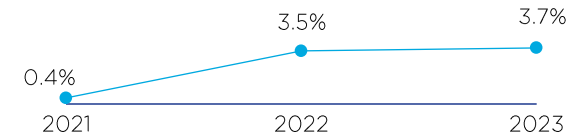
## Factoring Portfolio: Industry Breakdown



## Corporate Division<sup>1</sup>: NPL > 90 days



## Factoring: NPL > 90 days



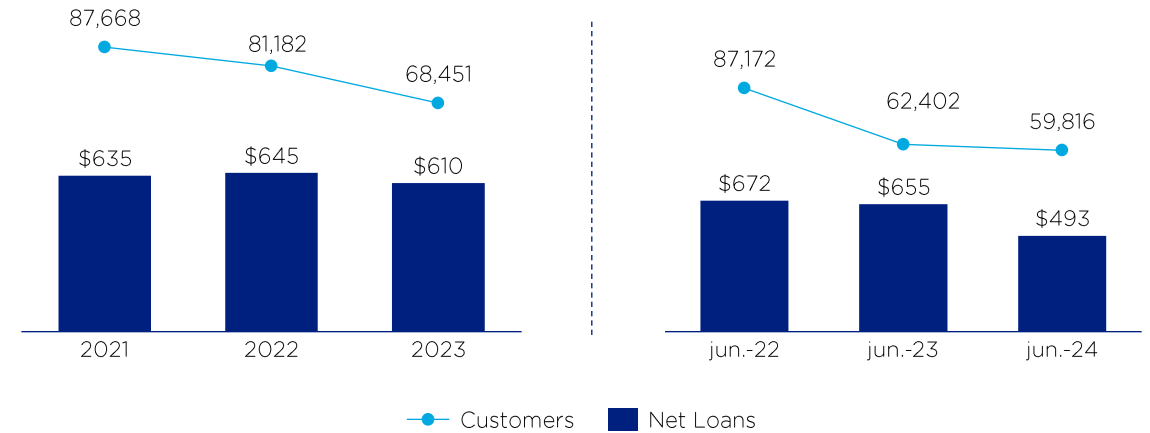
# AUTO FINANCING DIVISION: NON PERFORMING LOANS CONTAINED



## Highlights

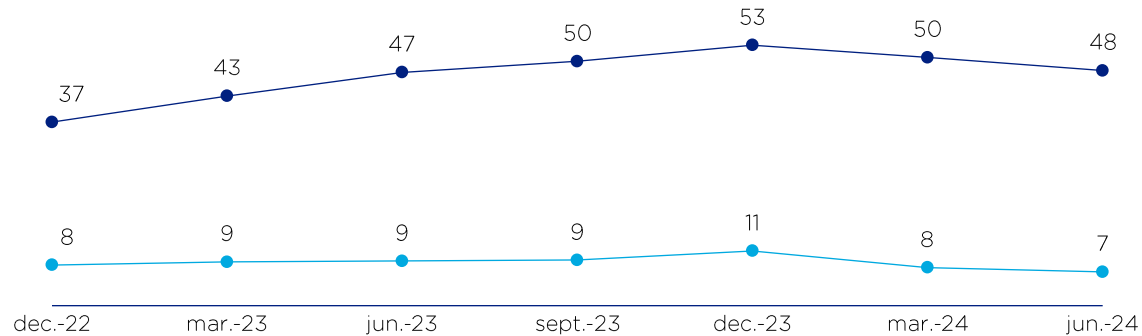
- In 2022, Tanner began implementing gradual adjustments to loan origination, increasing risk enhancement requirements with customers.
- These risk mitigation measures have impacted the growth of the loan portfolio.
- As of Q4 2023, the performance and quality of newly originated loans have continued to improve.
- Q2 2024 shows a 10% YTD decrease of the stock of Non-Performing Loans over 90 days, along with a reduction in impairment losses, continuing the downward trend.

## Number of Customers & Net Loans (US\$ Mn)



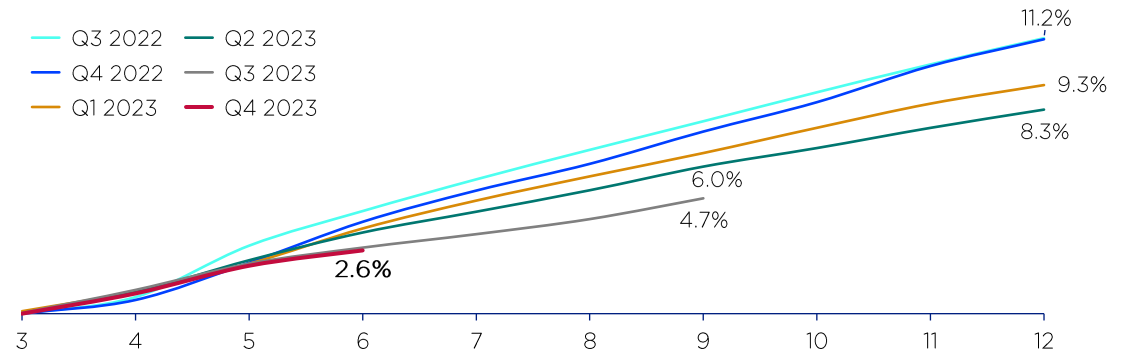
## Non-performing Stock & Impairment Losses (US\$ Mn)

- Non-performing stock over 90 days
- Impairment Losses



## Non-Performing Loans over 90 days by Origination Date (%)

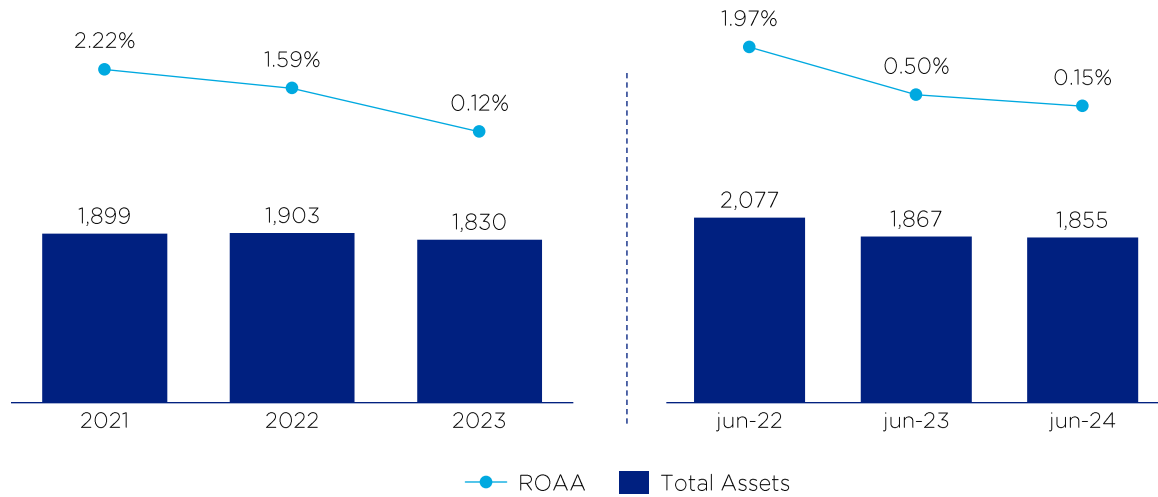
Percentage of the volume originated in a given quarter that became non-performing for over 90 days, 3 months or more after the close of the corresponding quarter.



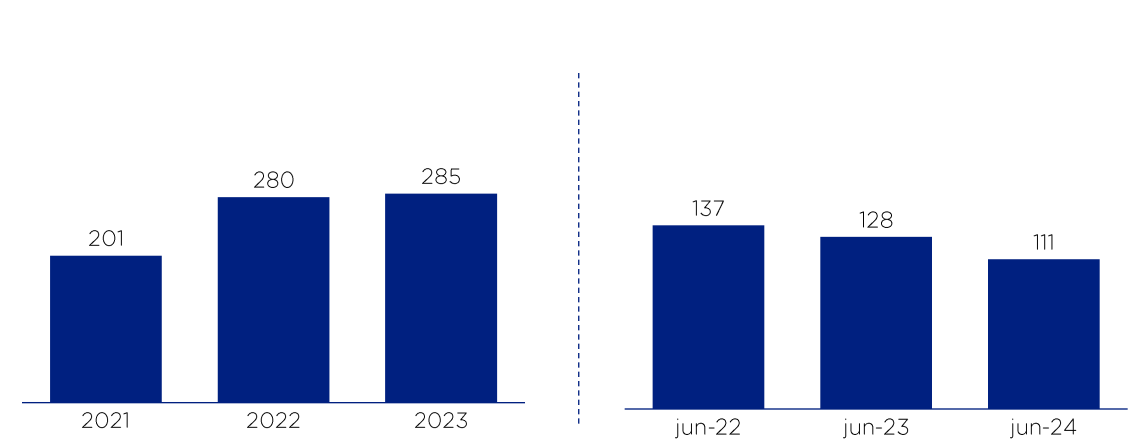
# PROFITABILITY: PREPARING FOR THE TURNAROUND



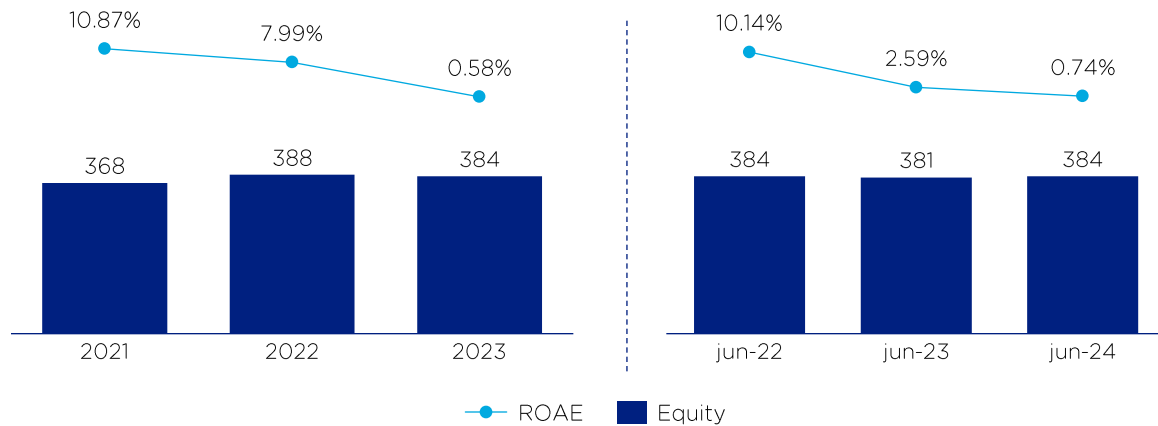
## Total Assets and ROAA (US\$ Mn)



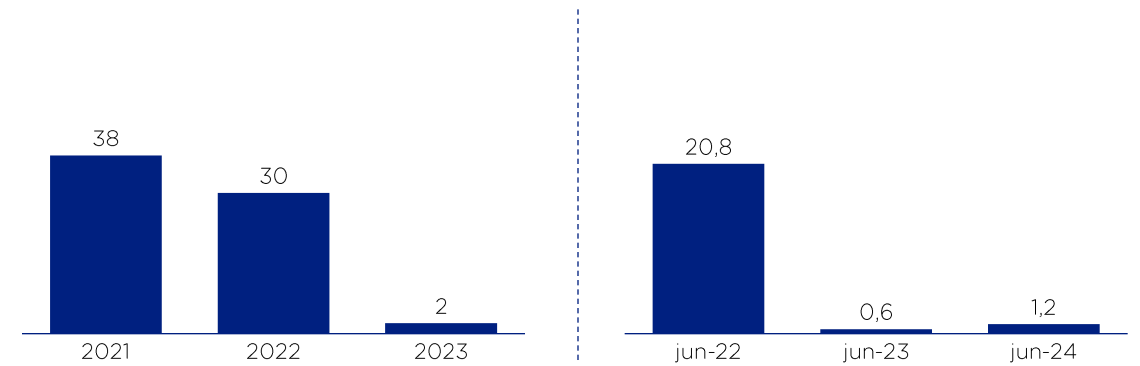
## Revenue (US\$ Mn)



## Equity & ROAE (US\$ Mn)



## Net Income (US\$ Mn)

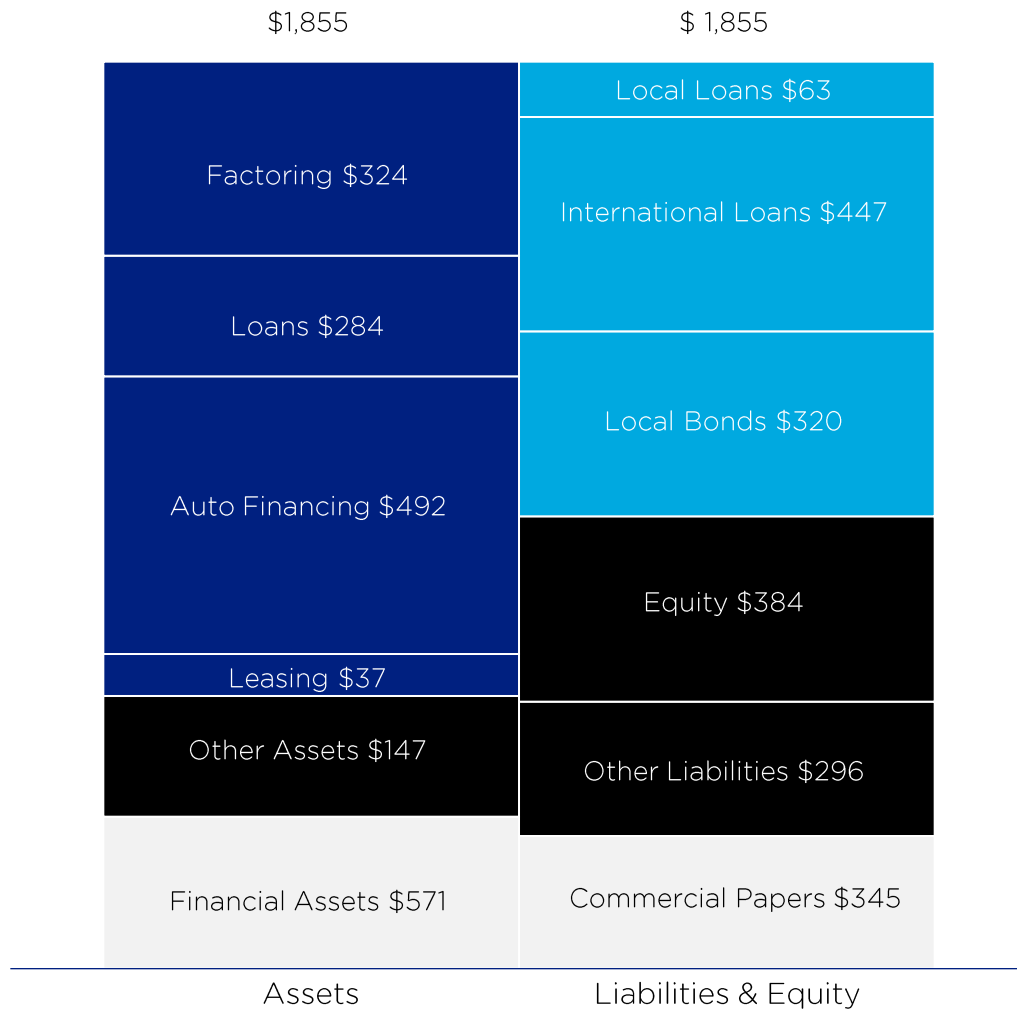


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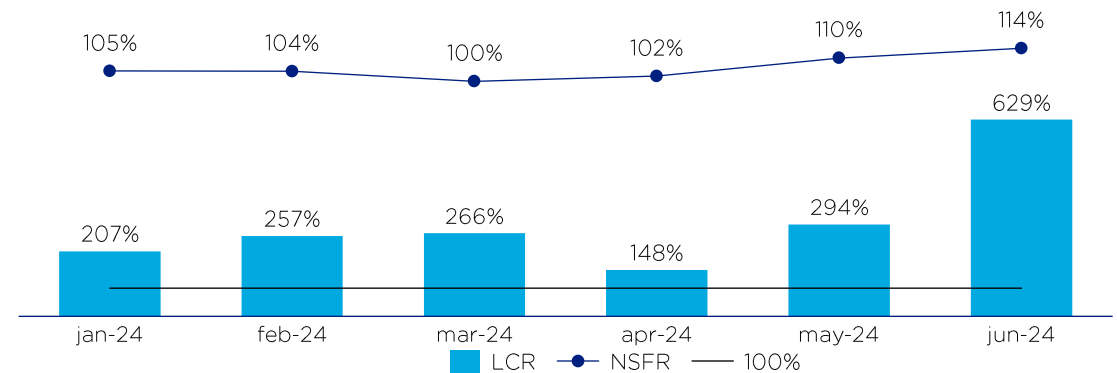
## Balance Sheet Structure as of June 30, 2024 (US\$ Mn)



## Highlights

- Long-term funding costs continue to decrease, reducing spreads over BTU by more than 120 basis points.
- In 2Q 2024, the company fulfilled its obligations on its fifth Swiss bond (CHF 125 million) and two local bonds (CLP 126 billion, equivalent to USD 133 million).
- Raised US\$ 150 million through an international 3-year syndicated term loan.
- Active management of the Net Stable Funding Ratio (NSFR) since early 2024, consistently maintaining levels above 100%.
- The LCR reached 629% at the end of 2Q 2024

### LCR & NSFR Evolution

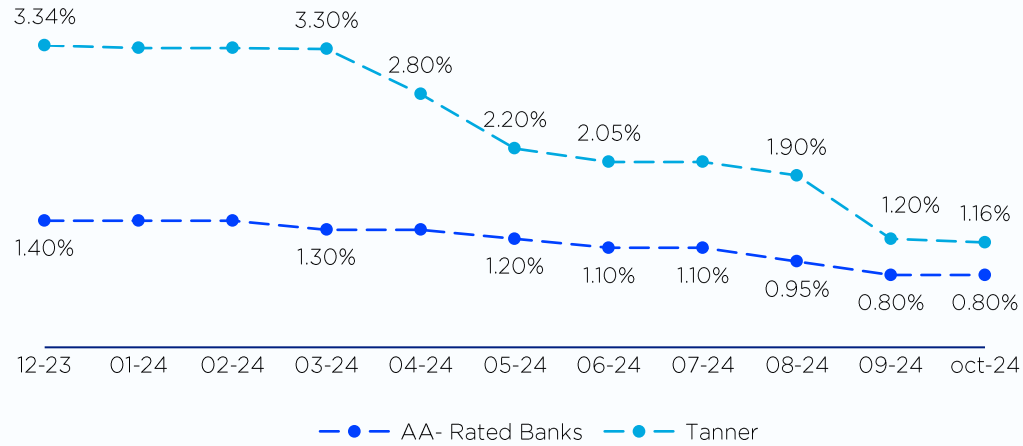




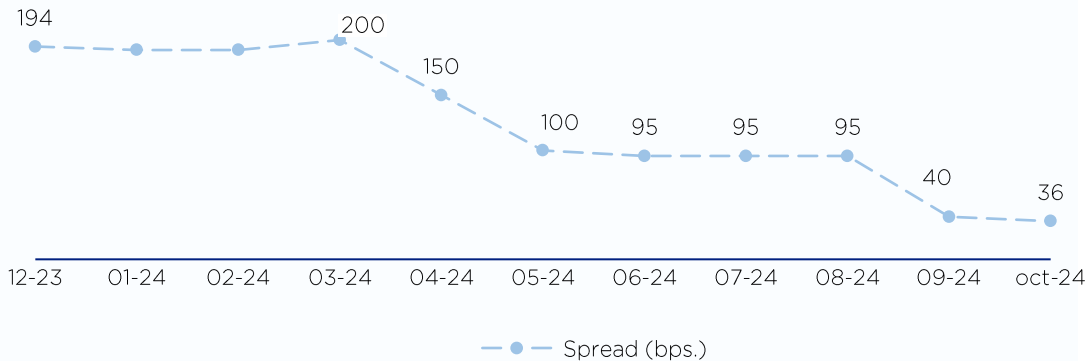
# LOWER FUNDING COSTS: MARKET ANTICIPATES THE BANK SUBSIDIARY



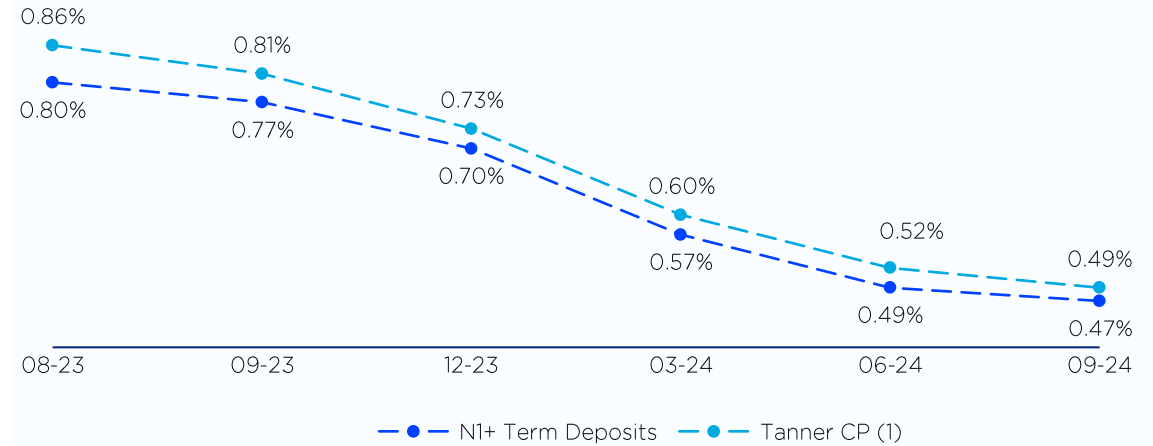
## Spread of Local TSF Bonds vs. AA- Rated Bank Bonds



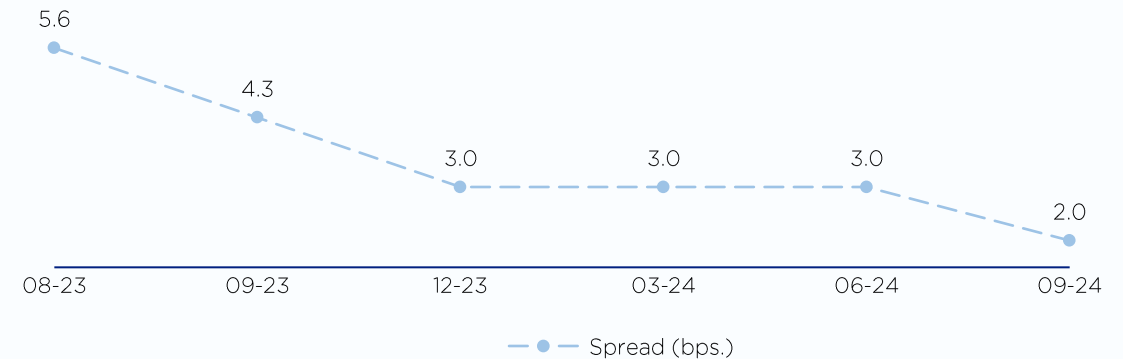
- Spreads in the local market are decreasing across both short and long terms
- Narrowing the gap vs. local AA- rated bank bonds



## Spread of TSF Commercial Papers vs. N1+ Rated Term Deposits



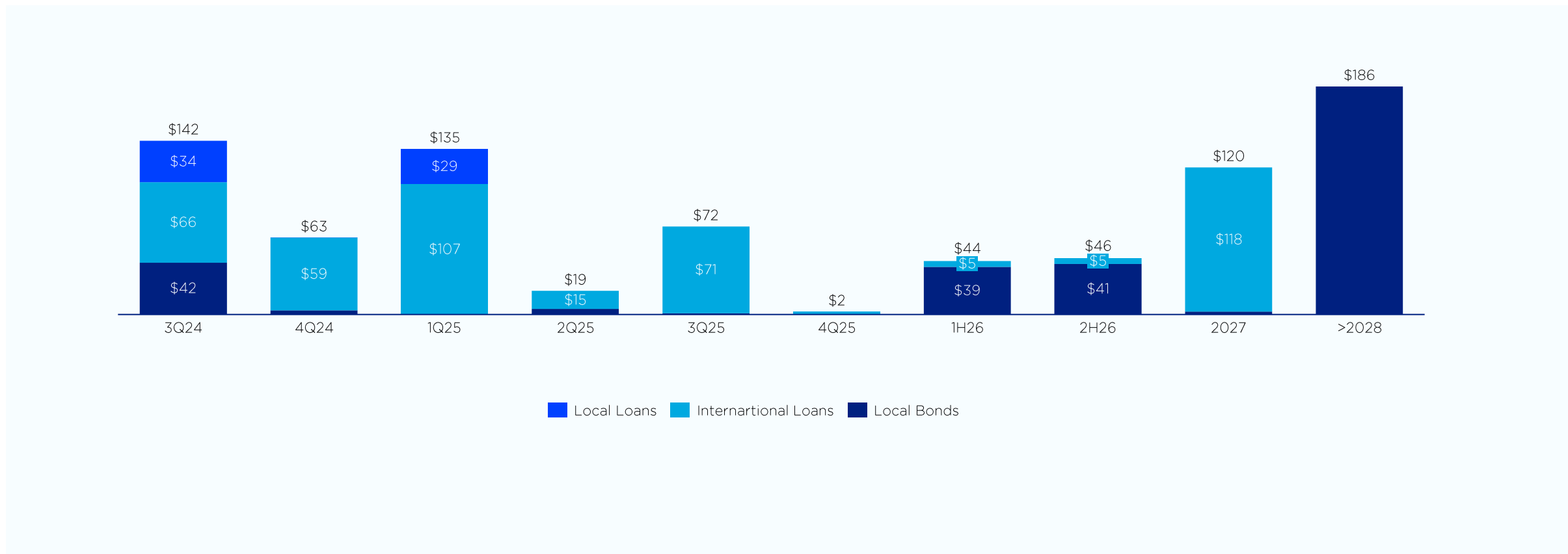
- Improvement in commercial paper spreads over term deposits, increasing both volumes and number of investors



# MATURITY PROFILE NOW STRATEGICALLY DISTRIBUTED



## Maturity Profile<sup>1</sup> (June-24) (US\$ Mn)

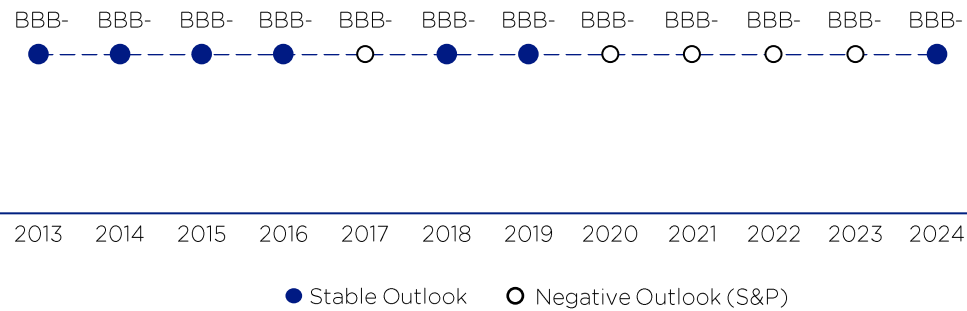


# INVESTMENT GRADE ALREADY OVER A DECADE

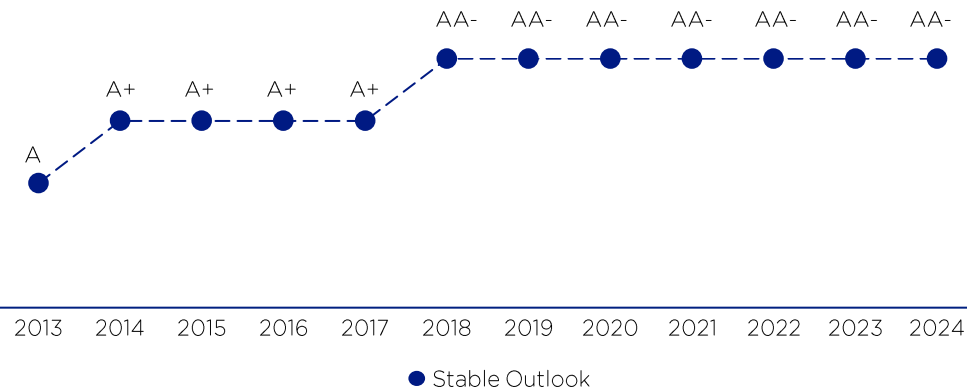


## Investment Grade since 2013

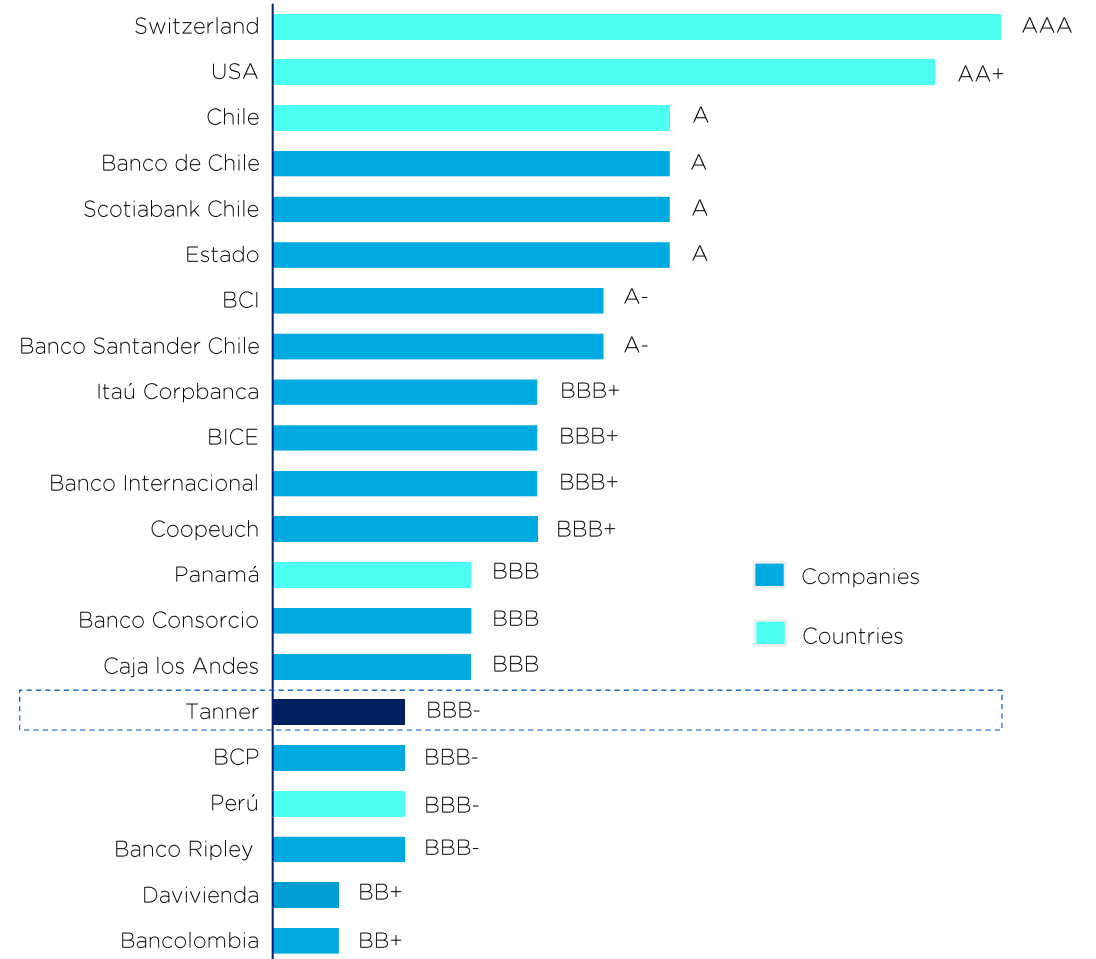
Tanner maintained its BBB- rating since its first issuance in the Swiss Capital Market



## Consistently Improving Local Credit Risk Rating



## S&P: International Ratings



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## Growth Opportunities

- In a regulated environment, Tanner can grow while marginally increasing leverage (Tanner: 3.8x vs. Banking Ind. avg.: 11.6x)



## Funding

- Lower funding costs
- Expanded access to capital markets
- Access to Central Bank as lender of last resort



## Primary Costs

- One-Time: additional provisions, technology expenses, etc.
- Ongoing: new employee recruitment



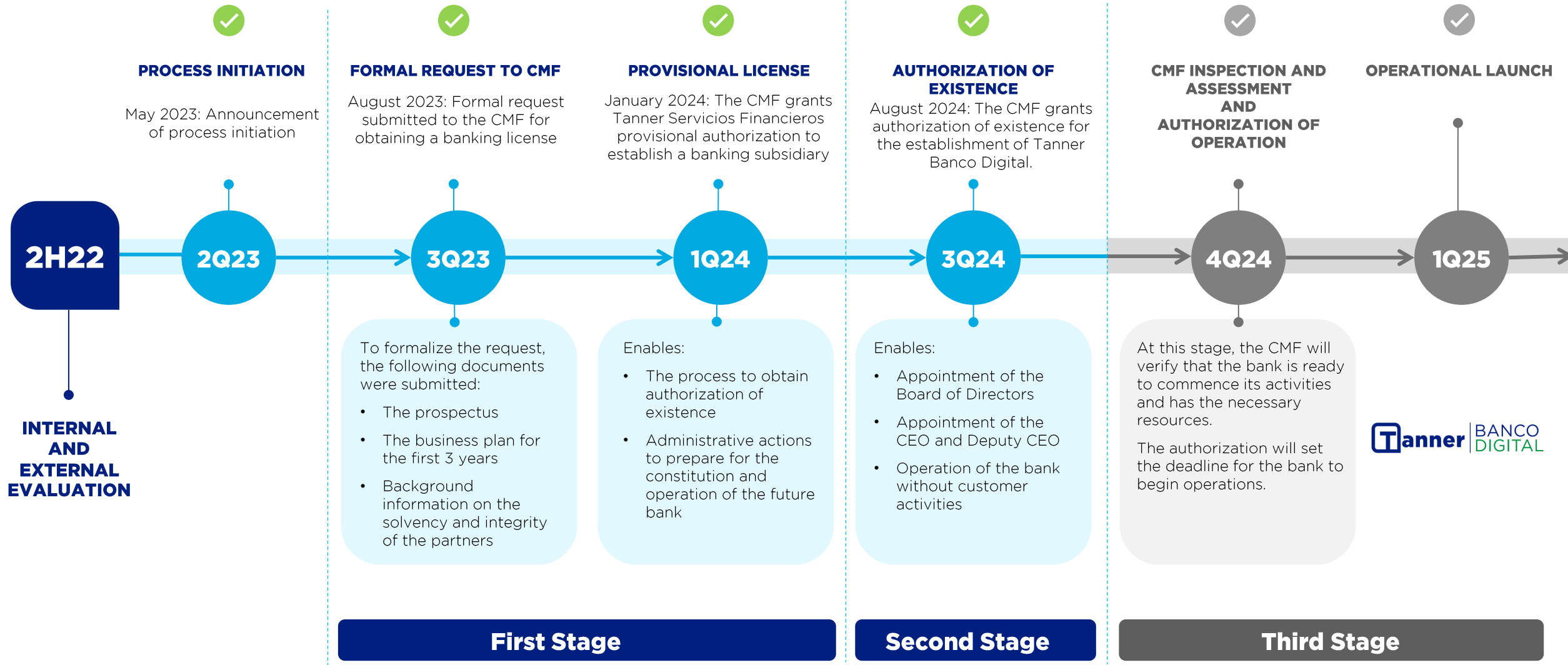
## Goal

- Secure a leading role in Chile's factoring market, a key aspect of our strategy
- Preserve agility
- Enhance profitability for shareholders

# TANNER BANCO DIGITAL SOON TO LAUNCH OPERATIONS



The approval process for establishing the banking subsidiary before the CMF <sup>(1)</sup> is divided into three stages:

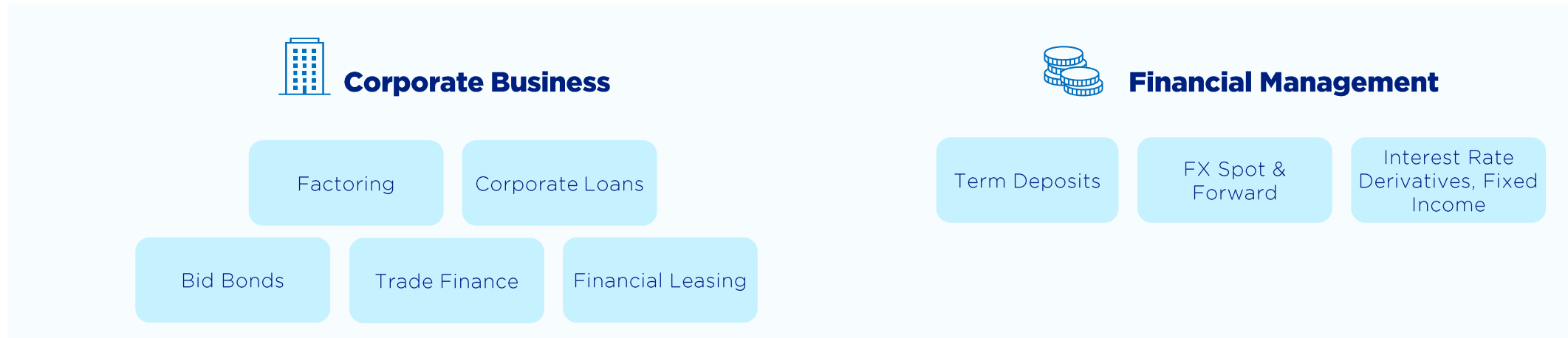


(1) CMF: Financial Market Commission

# BUSINESS TRANSITION IN TWO STAGES

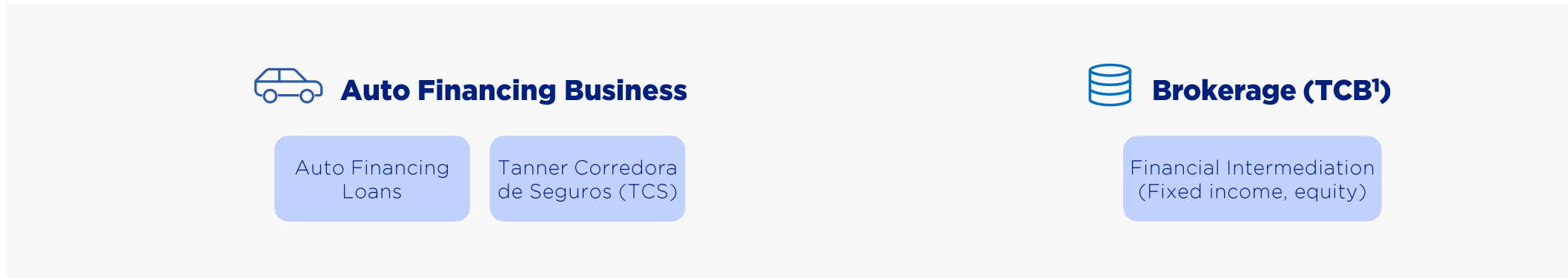
## 1 FIRST STAGE

Run-off of the Corporate Division's portfolio in Tanner Servicios Financieros, and its reorigination in the Bank



## 2 SECOND STAGE

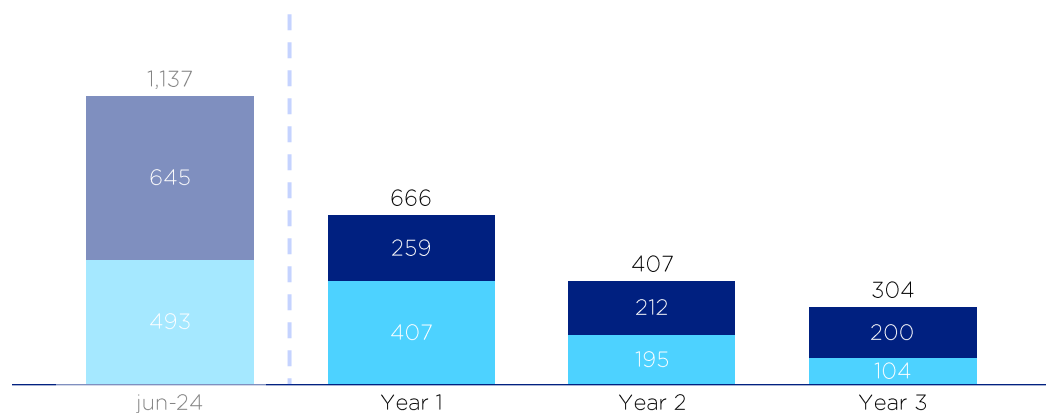
Run-off of the Auto Financing Division's portfolio in Tanner Servicios Financieros, and its reorigination in the Bank



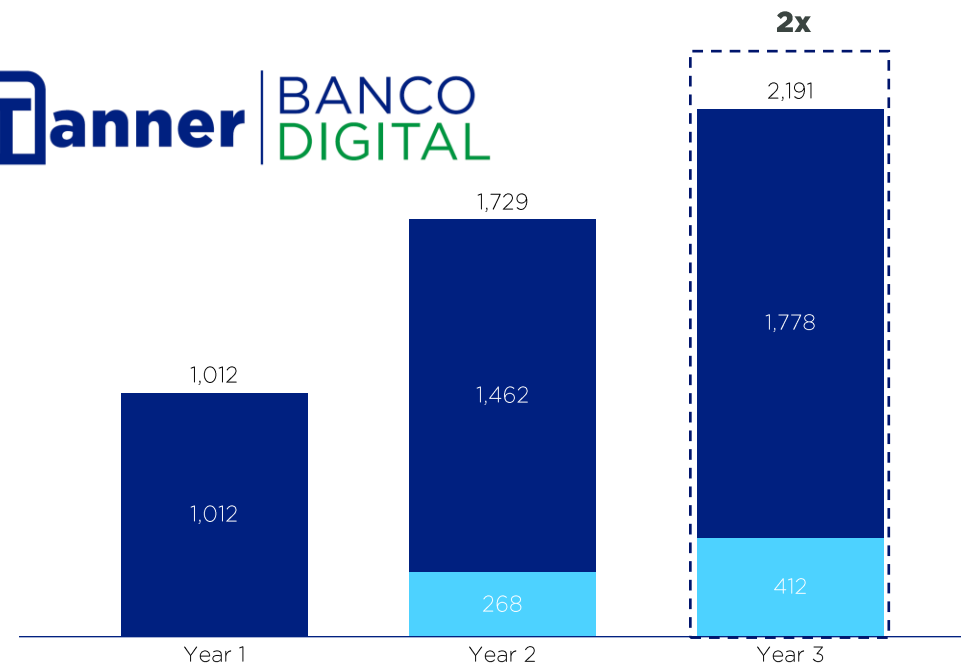
# BANK - DOUBLING THE PORTFOLIO 3 YEARS AFTER LAUNCH



**Forecast Tanner Servicios Financieros<sup>1</sup>** (w/out Bank) US\$ MM



**Forecast Tanner Banco Digital<sup>1</sup>** US\$ MM



■ Factoring & SME ■ Auto Financing

(1) This forecast does not represent a commitment and are subject to the bank's operational launch and market conditions (2) SME considers loans and leasing



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## **TANNER CONTACT**

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